

---

---

**UNITED STATES DEPARTMENT OF  
COMMERCE  
NEWS**

---

---

WASHINGTON, D.C. 20230

File  
BUREAU OF  
EXPORT  
ADMINISTRATION

FOR IMMEDIATE RELEASE:  
March 12, 2001  
[www.bxa.doc.gov](http://www.bxa.doc.gov)

Contact: Eugene Cottilli  
(202) 482-2721  
(202) 482-2421 (fax)

## **NEW JERSEY COMPANY AND ITS PRESIDENT SETTLE CHARGES OF ATTEMPTED UNLAWFUL EXPORTS TO IRAN**

(Washington, D.C.) - Acting Assistant Secretary of the United States Department of Commerce for Export Enforcement Lisa Prager announced that criminal and civil sanctions were imposed on Refinery Industries Incorporated of Budd Lake, New Jersey, for attempted illegal exports of gas detection equipment to Iran.

The company received five-years probation from Judge Dickinson R. Debevoise of the United States District Court in Newark, New Jersey. As part of the plea agreement in the criminal case, the company agreed to forfeit the seized 195 units of methane gas detectors to the U.S. government. The Department of Commerce imposed a \$22,000 civil penalty against Refinery Industries, Inc. and denied the export privileges of the company and its president, Mahmood Reza Hashemi, for a period of 10 years.

The Department of Commerce proved that between May 1998 and August 1998, Refinery Industries, Inc. attempted to export illegally gas detection equipment to Iran. The Department of Commerce controls the export of this commodity from the United States to Iran for foreign policy reasons.

The Commerce Department's New York office of Export Enforcement investigated the case.

The Department of Commerce, through its Bureau of Export Administration, administers and enforces export controls for reasons of national security, foreign policy, nonproliferation and short supply. Criminal penalties, as well as administrative sanctions, can be imposed for violations of the Regulations.



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Bureau of Export Administration**  
Washington, D.C. 20230

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Refinery Industries, Inc.  
193 Route 46  
Budd Lake, New Jersey 07828

Attn: Mr. Mahmood Reza Hashemi  
President

Dear Mr. Hashemi:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), hereby charges that, as described below, Refinery Industries, Inc. (hereinafter referred to as Refinery), has violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2000)) (the Regulations),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 2000)) (the Act).<sup>2</sup>

---

<sup>1</sup> The Regulations governing the violations at issue are found in the 1998 version of the Code of Federal Regulations. Those Regulations are codified at 15 C.F.R. Parts 730-774 (1998) and, to the degree to which they pertain to this matter, are substantially the same as the 2000 version.

<sup>2</sup> The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), which has been extended by successive Presidential Notices, the most recent being that of August 3, 2000 (65 *Fed. Reg.* 48347, August 8, 2000), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 2000)).



Facts constituting violations:

Charges 1-2

On or about May 5, 1998 and on or about August 10, 1998, Refinery attempted to export U.S.-origin Gastesters from the United States through Germany to Iran, without obtaining the authorization required by Section 746.7 of the Regulations. BXA alleges that, by engaging in conduct prohibited by or contrary to the Regulations, Refinery committed two violations of Section 764.2(a) of the Regulations.

Accordingly, Refinery is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$11,000 per violation (see Section 764.3(a)(1) of the Regulations and 15 C.F.R. § 6.4(a)(3) (2000));

Denial of export privileges (see Section 764.3(a)(2) of the Regulations); and/or

Exclusion from practice before BXA (see Section 764.3(a)(3) of the Regulations).

Copies of relevant Parts of the Regulations are enclosed.

If Refinery fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7.

Refinery is further notified that it is entitled to an agency hearing on the record as provided by Section 13(c) of the Act and Section 766.6 of the Regulations, if a written demand for one is filed with its answer, to be represented by counsel, and to seek a consent settlement.

Pursuant to an Interagency Agreement between BXA and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matters set forth in this letter.

Accordingly, Refinery's answer should be filed with the U.S. Coast Guard ALJ Docketing Center, 40 S. Gay Street, Baltimore, Maryland 21202-4022, in accordance with the instructions in Section 766.5(a) of the Regulations. In addition, a copy of Refinery's answer should be served on BXA at the address set forth in Section 766.5(b), adding "ATTENTION: Mi-Yong Kim, Esq." below the address. Ms. Kim may be contacted by telephone at (202) 482-5311.

Sincerely,

Mark D. Menefee  
Director  
Office of Export Enforcement

Enclosure

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF EXPORT ADMINISTRATION  
WASHINGTON, D.C. 20230

In the Matter of: )  
 )  
REFINERY INDUSTRIES, INC. )  
193 Route 46 )  
Budd Lake, New Jersey 07828, )  
 )  
Respondent )

SETTLEMENT AGREEMENT

This Agreement is made by and between Refinery Industries, Inc. (Refinery) and the Bureau of Export Administration, United States Department of Commerce, pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2000)) (the Regulations),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 2000)) (the Act).<sup>2</sup>

WHEREAS, the Office of Export Enforcement, Bureau of Export Administration (BXA), has notified Refinery of its intention to initiate an administrative proceeding against Refinery pursuant to the Act and the Regulations, based on allegations that, on or about May 5, 1998 and on or about August 10, 1998, Refinery attempted to export U.S.-origin Gastesters

---

<sup>1</sup> The Regulations governing the violations at issue are found in the 1998 version of the Code of Federal Regulations. Those Regulations are codified at 15 C.F.R. Parts 730-774 (1998) and, to the degree to which they pertain to this matter, are substantially the same as the 2000 version.

<sup>2</sup> The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), which has been extended by successive Presidential Notices, the most recent being that of August 3, 2000 (65 *Fed. Reg.* 48347, August 8, 2000), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 2000)).

from the United States through Germany to Iran without obtaining the authorization required by Section 746.7 of the Regulations, in violation of Section 764.2(a) of the Regulations;

WHEREAS, Refinery has reviewed the proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; Refinery fully understands the terms of this Settlement Agreement and the Order; Refinery enters into this Settlement Agreement voluntarily and with full knowledge of its rights, and Refinery states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Refinery neither admits nor denies the allegations contained in the proposed Charging Letter;

WHEREAS, Refinery wishes to settle and dispose of all matters alleged in the proposed Charging Letter by entering into this Settlement Agreement; and

WHEREAS, Refinery agrees to be bound by an appropriate Order giving effect to the terms of this Settlement Agreement, when entered (appropriate Order);

NOW THEREFORE, Refinery and BXA agree as follows:

1. BXA has jurisdiction over Refinery, under the Act and the Regulations, in connection with the matters alleged in the proposed Charging Letter.
2. BXA and Refinery agree that the following sanctions shall be imposed against Refinery in complete settlement of all alleged violations of the Act and the former Regulations arising out of the transactions set forth in the Charging Letter:

- (a) Refinery shall be assessed a civil penalty of \$22,000, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of an appropriate Order.
- (b) Refinery and all of its successors and assigns, officers, representatives, agents and employees, may not, for a period of ten years from the date of the appropriate Order, participate, directly or indirectly, in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as item) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:
  - i. Applying for, obtaining, or using any license, License Exception, or export control document;
  - ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
  - iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

- (c) BXA agrees that, as authorized by Section 766.18(c) of the Regulations, the last five years of the denial period set forth in paragraph in 2(b) shall be suspended for a period of five years beginning five years from the date of the entry of the appropriate Order and shall thereafter be waived, provided that during the period of suspension, Refinery has committed no violation of the Act or any regulation, order or license issued thereunder.

3. Refinery agrees that, subject to the approval of this Settlement Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Settlement Agreement or the appropriate Order, when entered), including, without limitation, any right: (a) to an administrative hearing regarding the allegations in the proposed Charging Letter; (b) to request a refund of the civil penalty imposed pursuant to this Settlement Agreement and the appropriate Order, when entered; and (c) to seek judicial review or otherwise to contest the validity of this Settlement Agreement or the appropriate Order, when entered.

4. BXA agrees that, upon entry of an appropriate Order, it will not initiate any administrative proceeding against Refinery in connection with any violations of the Act or the Regulations arising out of the transactions identified in the proposed Charging Letter.

5. Refinery understands that BXA will make the proposed Charging Letter, this Settlement Agreement, and the appropriate Order, when entered, available to the public.

6. BXA and Refinery agree that this Settlement Agreement is for settlement purposes only. Therefore, if this Settlement Agreement is not accepted and an appropriate Order is not issued by the Assistant Secretary for Export Enforcement pursuant to Section



766.18(a) of the Regulations, BXA and Refinery agree that they may not use this Settlement Agreement in any administrative or judicial proceeding and that neither party shall be bound by the terms contained in this Settlement Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the appropriate Order, when entered, nor shall this Settlement Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Settlement Agreement shall become binding on BXA only when the Assistant Secretary for Export Enforcement approves it by entering an appropriate Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

BUREAU OF EXPORT ADMINISTRATION  
U.S. DEPARTMENT OF COMMERCE

REFINERY INDUSTRIES, INC.

BY: 

Mark D. Menefee

Director

Office of Export Enforcement

Date: 11/20/00

BY: 

Mahmood Reza Hashemi

President

Date: 11-20-00

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF EXPORT ADMINISTRATION  
WASHINGTON, D.C. 20230

In the Matter of: )  
 )  
REFINERY INDUSTRIES, INC. )  
193 Route 46 )  
Budd Lake, New Jersey 07828, )  
 )  
Respondent )

ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), having notified Refinery Industries, Inc. (Refinery) of its intention to initiate an administrative proceeding against Refinery pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991, Supp. 2000 and Pub. L. No. 106-508)) (the Act),<sup>1</sup> and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2000)) (the Regulations),<sup>2</sup> based on allegations that, on or about May 5, 1998 and on or about August 10, 1998, Refinery attempted to export U.S.-origin Gastesters from the United States through Germany to Iran without obtaining the

---

<sup>1</sup> During the time of the Act's lapse (August 20, 1994 through November 12, 2000), the President, through Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), which had been extended by successive Presidential Notices, the most recent being that of August 3, 2000 (65 *Fed. Reg.* 48347, August 8, 2000), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 2000)).

<sup>2</sup> The Regulations governing the violations at issue are found in the 1998 version of the Code of Federal Regulations. Those Regulations are codified at 15 C.F.R. Parts 730-774 (1998) and, to the degree to which they pertain to this matter, are substantially the same as the 2000 version.

authorization required by Section 746.7 of the Regulations, in violation of Section 764.2(a) of the Regulations; and

BXA and Refinery having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, a civil penalty of \$22,000 is assessed against Refinery, which shall be paid to the U.S. Department of Commerce within 30 days of the date of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.A. §§ 3701-3720E (1983 and Supp. 2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, Refinery will be assessed, in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, Refinery Industries, Inc., 193 Route 46, Budd Lake, New Jersey, and all of its successors and assigns, officers, representatives, agents and employees, may not, for a period of 10 years from the date of this Order, participate, directly or indirectly, in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as item) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

FOURTH, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the denied person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by a denied person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby a denied person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the denied person of any item subject to the Regulations that has been exported from the United States;

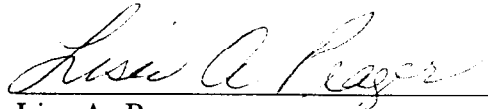
- D. Obtain from the denied person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States that is owned, possessed or controlled by a denied person, or service any item, of whatever origin, that is owned, possessed or controlled by a denied person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

FIFTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the denied person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of this Order.

SIXTH, that as authorized by Section 766.18(c) of the Regulations, the last five years of the denial period set forth in paragraph THIRD shall be suspended for a period of five years beginning five years from the date of the entry of this Order and shall thereafter be waived, provided that during the period of suspension, Refinery has committed no violation of the Act or any regulation, order or license issued thereunder.

SEVENTH, that the proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



Lisa A. Prager  
Acting Assistant Secretary  
for Export Enforcement

Entered this 12<sup>th</sup> day of March, 2001.